



Florida House of Representatives

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HOUSE PASSES COMPREHENSIVE REFORMS TO PROVIDE BETTER AND MORE STABLE CARE, ADDRESS MEDICAID FISCAL CHALLENGE

~Measure improves quality of care, results in reduced costs~

TALLAHASSEE, FL – Today the Florida House passed bi-partisan Medicaid reform measures that take advantage of a managed care model to improve care and provide significant savings to the rapidly growing Medicaid program. The House passed House Bill (HB) 7223 by a vote of 88 to 34. House Bill (HB) 7225 also passed the House by a vote of 83 to 32. The measures provide a five-year implementation plan for a statewide, fully integrated, managed care system that will control costs, significantly reduce fraud and abuse, and most importantly, provide better and more stable care for Medicaid participants.

“During these extremely challenging economic conditions, our state must take action to preserve the Medicaid program and ensure quality and stable health care for our residents in need,” stated Representative Denise Grimsley (R-Lake Placid), sponsor of the measures. “Our state is currently operating a patchwork system of various Medicaid delivery models that complicate the state’s ability to efficiently and effectively serve our Medicaid population. The plan laid out in this legislation will provide better health outcomes, reduce fraud and abuse, and preserve our Medicaid system for years to come.”

This year, the Medicaid program is expected to consume nearly 28.3% of the total state budget with the Medicaid population growing considerably each year. Additionally, the federal health care reform legislation recently signed into law by President Obama will expand Medicaid services to over a million additional Floridians, placing an even greater financial burden on the program. The current Medicaid system as it is operating today simply cannot sustain these incredible increases.

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The plan would bring the state's Medicaid program into a statewide managed care arrangement and phases out the more expensive fee for service model. Shifting to statewide managed care has the potential to provide substantial cost reductions while improving quality of care measures. According to the 2009 Social Services Estimating Conference, fee for service and managed fee for service served 58% of the Medicaid population while consuming 81% of the total Medicaid costs. Based on the same report, 42% of Medicaid participants utilizing the managed care model only accounted for 19% of total Medicaid costs. In addition to cost, the managed care plan will enhance accountability measures that will result in better health outcomes.

Under the proposed plan, the state would be divided into 6 regions, and each region will have a minimum of 3 to 5 plans and a maximum of 7 to 10 plans, depending on the size of the region. Providers wishing to participate will submit bids to the state and will be selected based on several factors such as price, accreditation, experience, access to providers, community partnerships, commitment to quality improvement, additional benefits and performance history. The plans will be required to resubmit bids every 5 years to ensure the state is receiving the greatest value.

Florida's Medicaid Managed Care Reform pilot is currently operating in five counties: Broward, Baker, Clay, Duval and Nassau. A study of the reform pilot program by the University of Florida showed a reduction in the per member per month Medicaid costs by as much as \$95 for those enrolled in a Provider Service Network and \$26 per member per month reduction overall.

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